

**Promotional
Items
Purchased for
Conference
Attendees**

Email records reflected that before Ms. Deanes authorized the purchase of the promotional items, she asked Ms. Dudley, co-chair of the Planning Committee, to provide her with cost data of promotional items purchased for the 2009 conference and directed that the items being considered for purchase be vetted through the VA Office of General Counsel (OGC) to ensure that purchasing them was appropriate and permissible.

However, [REDACTED] assigned the responsibility of obtaining and vetting the promotional items through OGC, failed to inform OHRM managers, including Ms. Deanes, that an OGC attorney, whom [REDACTED] was told was an appropriations expert, opined that the purchase of certain items being considered would not be permissible under VA policy.

[REDACTED] not only failed to disclose this critical information to Ms. Deanes, although she knew Ms. Deanes was in the process of deciding on whether to approve the purchase of the promotional items, she also failed to disclose this information to Office of Inspector General (OIG) investigators during her initial interview with OIG. [REDACTED] later told us that not disclosing what the OGC attorney advised was an unintentional oversight on her part. However, [REDACTED] had several opportunities to disclose the advice but failed to do so. Standards of Ethical Conduct for Employees of the Executive Branch require that employees put forth an honest effort in the performance of their duties and endeavor to avoid any actions creating the appearance that they are violating the law or ethical standards.¹²

Ms. Deanes told us that she learned for the first time on August 21, 2012, that [REDACTED] failed to disclose information from the OGC attorney regarding which items were permissible and which were not. She further said, "There is no way that I would have given the OK to purchase the items if I had been aware of this information."

We noted that in 2010, [REDACTED] was a subject in another OIG investigation. In that case, we substantiated that a former HR&A senior executive who had a pre-existing working relationship with [REDACTED] husband, unlawfully hired [REDACTED] into her current position as a [REDACTED] and then inappropriately gave her a higher than entry-level starting salary. In addition, we further concluded and reported to VA that [REDACTED] misrepresented information in her VA employment application and supporting documentation regarding her past income, which she used to justify a higher starting salary.

Furthermore, we reported that [REDACTED] intentionally made material false statements to OIG investigators while under oath. This matter is discussed in

¹² 5 CFR § 2635.101.

the OIG report *Administrative Investigation-Prohibited Personnel Practices, Abuse of Authority, Misuse of Position, and False Statements, Office of Human Resources and Administration, VA Central Office*.¹³

**Chief of Staff
Oversight**

Mr. Gingrich acknowledged that he authorized the conferences and took “full responsibility” for them. He said,

“I signed the thing authorizing the conferences. So, I should have made sure the conferences were executed better. Now, I think people should have done more prudent work. But, it’s my signature upon that page. And, I take the full responsibility. And, I should have asked, probably, harder questions than I did ... But, I also think there is a bunch of senior executives, regardless of whether they are SES or above, that have responsibilities for the execution.”

Prior to Mr. Sepúlveda submitting his request to the CoS to hold the HR conferences, guidance issued by the Executive Secretary on January 11, 2010, to all Under Secretaries, Assistant Secretaries, and other Key Officials, with the subject “Projections for Planned Conferences for FY 2011” stated, “To ensure prudent use and control of VA’s limited resources, all requests will be carefully reviewed for travel and conference costs for FY 2011.” The memorandum reiterated that any requests for conferences “involving 100 or more VA employees must be submitted to the [CoS] for approval prior to committing to any arrangements for any such conferences.” The memorandum further stated that consideration be given “to scaling back attendance requirements, conference length, combining conferences where possible, and deferring conferences that are not mission essential for FY 2011.”

On August 12, 2011, Mr. Gingrich sent a memo entitled “Fiscal Year (FY) 2012 Conferences, Training, and Related Travel” to Under Secretaries, Assistant Secretaries, and other Key Officials, that began “As has been Department policy for the last two years, we will again carefully review budgets and expenditures for conferences, training, and related travel.” The memorandum continued, “We must do everything we can to ensure tight control and prudent use of our limited resources.” Records reflect the HR conference costs were the second highest conference expenditures for FY 2011.

The memorandum that Mr. Sepúlveda submitted to Mr. Gingrich in December 2010 had minimal detail and requested authorization to train 3,000 people at a cost of \$8 million; a cost of over \$2,600 per person. In September 2012, Todd Grams, Executive in Charge for the Office of Management and the Chief Financial Officer, testified before the U.S. House Committee on Veterans’ Affairs that in a typical 2011 VA conference, approximately 80 percent of the conference expenditures were for travel; however, in Mr. Sepúlveda’s request, it was only 50 percent.

¹³ Report No. 10-00853-257, September 22, 2010.

Conclusion

We concluded that Mr. Sepúlveda abdicated his responsibilities as the Assistant Secretary when he failed to provide proper guidance and oversight to his senior executives in the operations of his organization. In particular, Mr. Sepúlveda failed to keep his commitment to Mr. Gingrich in the memorandum seeking the CoS' authorization for conferences that "our [OHRM's] planning committee is pursuing all efforts to constrain and control costs." His hands-off approach most likely contributed to a lack of communication between Ms. Muellerweiss and Ms. Deanes, resulting in a confusion of roles and a dysfunctional execution of responsibilities for the 2011 HR conferences that ultimately led to no one person really knowing who did what, or why. It is a fair inference that his efforts to distance himself from responsibility extended to making false statements under oath as to his knowledge of, and involvement in, the preparation of the Patton parody video, which has received considerable scrutiny and criticism since appearing in the press. The content and circumstances surrounding the submission of the Sepúlveda affidavit (dated September 25, 2012) do not provide any reason for OIG to change any findings in the report, and we decline to do so.

We found that Ms. Muellerweiss and Ms. Deanes were not communicating about the conferences until February 2011, when Ms. Muellerweiss expressed alarm over the conferences being behind schedule, and offered SRA's services. Further, she initiated an SLA to outline the roles and responsibilities of VALU and OHRM for their partnership in the execution of the two 2011 HR conferences; however, she failed to ensure that Ms. Deanes signed, or even received, the SLA. Without the SLA or direct communication between Ms. Muellerweiss and Ms. Deanes, there was never a clear delineation of the responsibilities of each organization.

Ms. Muellerweiss, by her own admission, knew nothing about her staff's activities involving the planning of the conferences and remained uninvolved. Her lack of participation and apparent ignorance of what was taking place within her organization was replicated two supervisory levels below her, by Dr. McMahan and Ms. Wood, respectively, and led to the inappropriate actions of a lower-grade employee going unnoticed and uncorrected. Dr. McMahan, contrary to Ms. Muellerweiss' stated expectation that he was responsible for the event planning staff, took no responsibility for any part of the conference initiative, except for the courses he taught. Likewise, Ms. Wood, contrary to Dr. McMahan's stated expectations that she was in charge of the event planning staff, took no responsibility because she mistakenly believed [REDACTED] was a warranted contracting officer capable of making independent decisions.

Consequently, the three officials whose responsibilities clearly included their own HR conferences and training funding failed to exercise those responsibilities to ensure public funds were spent appropriately and prudently. Under the principle one gets what one measures,

Ms. Muellerweiss' performance plan measure expecting spending 80 percent of HCIP funds during the year, as well as Mr. Sepúlveda's performance measure to spend 100 percent of HCIP funds without any countervailing measure for prudent spending, probably contributed to the wasteful spending on these conferences.

Ms. Deanes delegated her authority to two of her GS-15 senior employees, Mr. Barritt and Ms. Dudley, to co-lead the conference initiative only to learn later that they betrayed her confidence when they engaged in misconduct along with subordinate OHRM and VALU staff. Ms. Deanes had never before executed a conference and relied heavily on Mr. Barritt and Ms. Dudley and on VALU's expert event planners. Although Ms. Deanes, at times, attempted to exercise oversight and asked the right questions of her staff, most notably with regard to the promotional items, she did not consistently do so throughout the conference initiative.

In addition, we question Ms. Deanes' decision of naming both Mr. Barritt and Ms. Dudley as co-leaders. For an initiative as important and expensive as the HR conferences were, not having a clear line of authority most likely contributed to the dysfunctional execution of roles and responsibilities at the planning committee level. Mr. Barritt and Ms. Dudley, although in charge of the conferences and physically located within VALU space for 3 months prior to the first conference, paid no attention to spending, considering it someone else's responsibility.

We also concluded that [REDACTED] did not properly and competently exercise her duties and responsibilities when she failed to inform her leadership of OGC's legal advice that the purchase of certain promotional items was impermissible. She instead chose to leave out the parts of the advice pertaining to impermissible items which contributed to Ms. Deanes' decision to improperly purchase certain promotional items. [REDACTED] had several opportunities to provide full disclosure but failed to do so.

In addition, when initially questioned by OIG under oath about her role in the HR conferences, [REDACTED] was less than candid and failed to disclose the full legal advice she received. It was not until after being confronted by OIG with evidence of her failure to make a full disclosure that [REDACTED] acknowledged she sought the advice of an OGC attorney and then failed to forward all of that advice to her leadership. We do not accept as credible [REDACTED] assertion that her omission of the legal advice concerning the impermissible items was an unintentional oversight, as [REDACTED] knew that the legal advice she forwarded was not the full advice she received from the OGC attorney regarding the impermissible promotional items.

The CoS accepted "full responsibility" for the conferences because he authorized the conferences being held. We commend the CoS for his forthrightness and willingness to take responsibility for his actions.